

**NASSAU COUNTY SEWER AND STORM WATER  
FINANCE AUTHORITY**

**2011 BUDGET**

# **NASSAU COUNTY SEWER AND STORM WATER FINANCE AUTHORITY**

## **BUDGET FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2011**

### **Introduction**

The governing body of the Nassau County Sewer and Storm Water Finance Authority (the “Authority”) herein presents the budget of the Authority for the fiscal year beginning January 1, 2011 (the “2011 Budget”) in accordance with New York State Public Authorities Law §2801[2].

The Authority was established in 2003 by the State of New York (the “State”) under the Nassau County Sewer and Storm Water Finance Authority Act, codified as Title 10-D of Article 5 of the Public Authorities Law of the State (the “Act”), as a public benefit corporation. The State Legislature determined the creation of the Authority to be an effective mechanism to achieve substantial savings to Nassau County (the “County”) for past and prospective sewer and storm water resources capital investments. The Authority has been established for the limited objectives of refinancing outstanding sewer and storm water resources debt issued by or on behalf of the County and financing future County sewer and storm water resources projects. The Authority may issue debt in an amount up to \$350,000,000 for such purposes (exclusive of debt issued to refund or otherwise repay Authority debt).

The Authority has acquired all of the sewer and storm water resources facilities, buildings, equipment and related assets other than land (the “System”) of the County pursuant to a Financing and Acquisition Agreement dated as of March 1, 2004 by and between the Authority and the County (the “Agreement”). The Authority is to pay for the System in installments by undertaking to pay debt service on outstanding bonds issued by or on behalf of the County originally issued to finance the System (“County Bonds”). In addition, as part of such purchase price, the Authority may, at the request of the County, refinance County Bonds. Most of the Authority’s revenues are derived through the imposition by the County of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to pay all such assessments directly to the trustee for the Authority’s bonds. The Authority retains sufficient funds to service all debt (including County Bonds), and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the “District”). The District is responsible for paying for the cost of the County’s provision of sewerage and storm water resources services.

### **Overview of the 2011 Budget**

#### **Revenue (Estimated Receipts)**

The Authority has two sources of funds in the 2011 Budget: County assessments for sewer and storm water resources services, and investment income. From time to time, the Authority may also receive grant funds recovered in connection with County sewer and storm water resources projects, in accordance with the Act.

#### **Assessments**

The Authority receives County assessments for sewer and storm water resources services directly from the receivers of taxes. The levy for such assessments for 2011 is \$119,031,815.

**Interest Income**

The Authority invests its cash and projects that it will earn \$200,000 in investment income in 2011.

**Expenditures****Contractual Expenses**

The Authority has budgeted \$950,000 for contractual expenses in 2011, which is a slight reduction from the prior year.

**Interest Expense**

The Authority has estimated that its interest expense in 2011 will be \$7,992,356.

**Principal Payments**

The Authority has \$7,360,000 in scheduled principal payments in 2011.

**Transfer to the District**

The Authority estimates that it will transfer \$102,929,459 to the District in 2011 in accordance with the Act and the Agreement.

**Capital Construction in the Budget**

The Authority is not authorized under the Act to engage in capital construction.

**Actual Revenues (Receipts) and Expenditures for the Authority's Last-Completed Fiscal Year (2009), and Estimated Revenues (Receipts) and Expenditures for the Authority's Current (2010) and Next (2011) Fiscal Year**

| <b>E/R</b>           | <b>OBJECT</b>                               | <b>2009 Actual</b>   | <b>2010 Adopted Budget</b> | <b>2011 Budget</b>   |
|----------------------|---|----------------------|----------------------------|----------------------|
| <b>EXPENSE</b>       |   |                      |                            |                      |
|                      | DD-GENERAL EXPENSES                         |                      |                            |                      |
|                      | DE-CONTRACTUAL SERVICES                     | \$511,782            | \$1,000,000                | \$950,000            |
|                      | FF-INTEREST                                 | 8,279,246            | 8,281,840                  | 7,992,356            |
|                      | GG-PRINCIPAL                                | 6,545,000            | 7,269,191                  | 7,360,000            |
|                      | LQ-TRANS OUT FOR SFA BOND ESCROW AGENT      |                      |                            |                      |
|                      | LS-TRANS OUT TO SSW                         | 62,144,424           |                            | 69,520,024           |
|                      | LZ-TRANS OUT TO SSW FOR DEBT SERVICE        | 36,000,457           | 99,869,560                 | 33,409,435           |
|                      | OO-OTHER EXPENSE                            |                      |                            |                      |
| <b>EXPENSE Total</b> |   | <b>\$113,480,909</b> | <b>\$116,420,591</b>       | <b>\$119,231,815</b> |
| <b>REVENUE</b>       |   |                      |                            |                      |
|                      | 0A-CAPITAL PROCEEDS                         |                      |                            |                      |
|                      | BE-INVEST INCOME                            | \$177,456            | \$388,776                  | \$200,000            |
|                      | BQ-D/S FROM CAP - DEBT SERVICE FROM CAPITAL |                      |                            |                      |
|                      | TL-PROPERTY TAX                             | 110,036,805          | 116,031,815                | 119,031,815          |
| <b>REVENUE Total</b> |   | <b>\$110,214,261</b> | <b>\$116,420,591</b>       | <b>\$119,231,815</b> |